

rapidly and in 1861 were sold in the streets of Peking at a discount of ninety-seven per cent.

Private bank paper has long been known in China, and the guild of bankers is among the most powerful bodies of citizens in the Empire'; but this private paper circulates only within a short radius of the place of issue and is subject to "no form of government supervision, except in case of failure. The government then steps in and often takes severe measures against the defaulters, extending in some cases to decapitation. Failures are rare, however, because of the co-operation which prevails among the Chinese bankers and the training which is derived from the hereditary character of the business. The notes issued are chiefly ^cash notes— i. e., payable in copper cash,—but other forms of money are usually given when requested. The notes are usually payable on demand, but sometimes only a certain number of days after issue.²

Banking according to European methods was introduced gradually into China after the opening of the country to-European and American trade in the middle of the last century. The Hong-kong and Shanghai Banking Corporation was one of the first to extend its operations beyond the British settlements into neighboring Chinese territory and has been followed by the Chartered Bank of India, Australia, and China, the Bank of Indo-China, the Yokohama Specie Bank, the Russo-Chinese Bank, and the German-Asiatic Bank. These banks are not regulated to any extent by the Chinese Imperial Government, but are all institutions of large capital, with many branches, and are under the protection which arises from the influence of the respective home governments of the interests which control them. They nearly all issue notes under authority of their home charters, which find their chief circulation in the treaty ports, but have filtered to some extent into the interior of China. They are issued for the most part in dollars, and are redeemable in the coin which they represent—the old

¹ Cf. Jenks, *Commission on International Exchange* ^
JQO& 49. ⁹ *Ibid.*, 49-52.